

My name is Steve Rachut. My wife, Beth, and I are young farmers from the Osage, Iowa area. We farm approximately 200 acres of corn, soybeans, and alfalfa, along with finishing feeder cattle. Also this year we are raising 6 acres of onions and 17 acres of sweet corn. I began my sweet corn business at age 12 and we currently market the entire 17 acres of production at roadside stands in our area.

I am a 2004 graduate from Iowa State University with a degree in Agricultural Business and Agronomy. My wife is also a 2004 graduate from Iowa State University with a degree in Agricultural Education/Communications and Agronomy.

As a member of the Beginning Farmers Network and farming full-time, the following are some of my observations about the 2002 farm bill that I have taken notice of.

In regard to vegetable production, I have a few concerns with the existing farm bill rules. Currently under the 2002 farm bill, a producer that has never grown vegetables or does not have a history of vegetable production on a particular farm unit cannot grow vegetables and still receive government payments on that farm. In my opinion, this is not freedom to farm because vegetable farmers are getting penalized for growing vegetables.

The only farm program that our vegetables qualify for is the Non-Insured Crop Assistance Program (NAP). I believe that the NAP program is not a useful risk management tool. This program can only be used if we have at least a 50% loss of yield to even qualify. In our situation, our onion crop was flooded in 2004 and we had a 95% loss of our proven yield. In an average year, it costs around \$2000 to grow and market one acre of onions. The NAP program paid us \$530 per acre that year for a near 100% loss. Therefore, I do not think this program is very practical.

My solution to farmers not being able to grow vegetables without a vegetable history is to eliminate the rule that prohibits them from doing so. At the very least, allow farmers to combine all of their eligible acres for vegetable production and be able to choose which farms they can produce them on even without a vegetable history.

If the new farm bill will continue to make direct payments for coarse grain production, then it would only be fair to include direct payments for fruit and vegetable production. Also, a comprehensive viable insurance program for vegetable and fruit crops needs to be offered in all states even if there are only a few producers of these crops. I believe this would replace the NAP program and offer more protection to fruit and vegetable farmers.

The next point I want to bring up is really a rhetorical question. Who will be farming in the future and what will rural America be like without small and mid-sized farmers? From a grain producing standpoint, what I am encountering in my area is that a majority of land being available to rent is going to a few large farms. It is difficult for a young farmer like me to compete with the high cash rents. Reason being the margins are so small that it would take a very large volume of acres to be able to make a living.

I believe a solution to this problem is to have realistic payment limitations that will be enforced! There shouldn't be any loopholes that can be used to receive several payment limits that ultimately go to one individual. One way of enforcing this might be to have payment limits based on a personal id number such as a social security number. Another way might be to trend towards conservation payments, instead of the huge amounts of production payments. I feel by rethinking how payments are being made, the

individual farmer will be able to farm independently in the future. With these concepts, rural America can still thrive.

For the new farm bill, the question must be raised as to where will the most support be given. Will it be to the small and mid-sized farms or will it be the large farms? I strongly believe the future of rural America and the small towns that inhabit it will be dependent on how the above question is answered. As a beginning farmer, I do not want to see a few farming entities controlling the crop and livestock industry in my area.

Thank you for the opportunity to share some of my opinions and observations with you today.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Steven Rachut
Address: 1321 March Ave Floyd, IA 50435
Telephone: (641) 398-2269
Organization you represent (if any): _____

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: _____ Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you:

X

Signature: Steven D Rachut

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

STEVEN D. RACHUT

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Floyd, Iowa 50435
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(515) 460-5961 cellular phone
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Education:

Iowa State University

Ames, IA

Bachelor of Science, Spring 2004

Major: *Agricultural Business*

Minor: *Agronomy*

North Iowa Area Community College

Mason City, IA

Associative of Arts, Spring 2002

Major: *Agricultural Transfer*

Work Experience:

Steve's Sweet Corn Osage, IA (1994 - Present) Owner / Operator

- Create and manage a 17 acre retail marketed sweet corn business
- Develop and institute a marketing plan for high quality customer satisfaction
- Research and promote advanced seed technology for customers
- Establish an integrated pest management system
- Construct a precise planting schedule for optimum marketing window
- Maintain quality of sweet corn during the grading and packaging process

Steven Rachut Farms Osage, IA (1996 - Present) Owner / Operator

- Finance and manage a 200 acre crop and vegetable farm
- Select and coordinate feeding & marketing feeder cattle operation
- Market crops and livestock using futures & options techniques
- Purchase and maintain farm equipment for crop and vegetable operation
- Operate and maintain farm tractors and machinery

Dennis Rachut Farms Osage, IA; Fertile, IA (1995 - Present) Assistant Manager/Operator

- Assist in management of diversified crop and vegetable farm operations
- Perform marketing strategies of row crops, livestock, and vegetables
- Operate and maintain farm tractors and farming equipment
- Supervise market cattle and farrow/finish swine operations

Activities:

Mitchell County Farm Bureau Federation Member Osage, Iowa (2005 - present)

- Young Farmer and Rancher Committee
- Attended National and Iowa Young Farmer and Rancher Conference
- Organized County Ag Olympics for Mitchell County Fair

Floyd County Pork Producer Member Charles City, Iowa (2006 - present)

- Grilling Team Member

Beginning Farmers Network Member Iowa State University (2003 - present)

- Organized and recruited for the newly formed club
- Speaker at 1st Annual Farmers Rally

Agricultural Business Club Member Iowa State University (2002 - 2004)

Farm Operations Club Member Iowa State University (2002 - 2004)